

Florida Department of Transportation Monthly Performance Review Meeting April 17, 2014

1. Acknowledgement of Visitors: Frank O'Dea introduced Susan Sadighi, District 5's Intermodal Systems Development Manager. David Hawk introduced Nick Finch from their Orlando office.

Secretary Prasad advised there are two District Directors retiring soon: Nick Tsengas from District 2 in May and Jim Moulton in District 7 in June. We will advertise for these positions.

2. Review of Minutes: The March minutes were reviewed. No changes were made.
3. Monthly Reports:

Performance Report – Freddie Simmons gave a summary of the Performance Report for Program activities through April for FY 2014.

CONSULTANT ACQUISITION:

- Executed 106% of the plan in dollars at \$462M plus added or advanced for \$521M YTD.
- Executed 104% of the plan in numbers at 693 plus added or advanced for 874 YTD.
- 18 projects at \$10M have not been executed to date.
- 153 projects (18%) for \$140.7M (22%) remain for the FY.

April	37 @	\$28.0
May	46 @	\$34.8
June	70 @	\$77.9
	153 @	\$140.7

RIGHT-OF-WAY:

CERTIFICATIONS:

- Certified 100% of the 45 plan plus 16 extras for 61 total.

PROGRAM EXPENDITURES:

- Acquired 72% of the dollar value of parcel acquisitions for \$225M.
- Only 49% of annual expenditures committed to date.

ACQUISITIONS:

- Completed 115% of the YTD number plus 138 extras for 1,078 total.

METHOD OF ACQUISITIONS:

- Statewide Negotiation rates are at 69% with the 70% target.

EMINENT DOMAIN/PARCEL INVENTORY:

- Began the year 7/1/13 with 287 parcels in the inventory and now at 430.

EXCESS PROPERTY SUMMARY REPORT:

- \$2.0M in sales and \$3.5M in lease revenue for the year.

PRODUCTION ISSUES:

ADVANCED PRODUCTION (APP) as of 4/7/14:

SUMMARY BY AMOUNT- TOTAL APP (ADVANCED PRODUCTION PHASES) AS OF APRIL 7, 2014						
DIST	2015	2016	2017	2018	2019	TARGET
D1	\$ 151	\$ 77	\$ 348	\$ 191	\$ 281	\$ 98
D2	\$ 87	\$ 212	\$ 149	\$ 70	\$ 158	\$ 201
D3	\$ 19	\$ 51	\$ 67	\$ 53	\$ 45	\$ 114
D4	\$ 99	\$ 66	\$	\$ 28	\$ -	\$ 151
D5	\$ 88	\$ 177	\$ 218	\$ 70	\$ 4	\$ 267
D6	\$ 17	\$ 296	\$ 171	\$ 183	\$ 3	\$ 131
D7	\$ 87	\$ 448	\$ 87	\$ 180	\$ 50	\$ 107
TE	\$ 37	\$ 224	\$ 294	\$ -	\$ 4	\$ 136
SW	\$ 585	\$ 1,551	\$ 1,334	\$ 774	\$ 545	\$ 1,206

AMENDMENTS for FY 2013:

- We had a total of \$460M in 127 amendments through March 31.
- Phase 52 or 58 (construction) amendments > \$5M are included.

REVISIONS AND ADDENDUMS:

- There were 154 Contract Class 1 lettings in Central Office.

Addenda	150
Addenda 15 days	61
Revisions	135
Mandatory	98

CONTRACT LETTINGS:

- \$ - Let to contract 86% at \$1,390M plus added or advanced for a \$1,480M YTD.
- # - Let to contract 96% for 303 plus added or advanced for a 327 YTD.
- 17 projects have not been let as planned to date for about \$101M; 5 of 10 rejected bids have been re-bid, and remaining 5 have been rescheduled.
- 168 projects at \$1,232M remain to be let in last 3 months.

April	46 projects @	\$373M
May	71 projects @	\$532M
June	51 projects @	\$327M
	168 projects @	\$1,232M

- The breakdown by district is provided.

DIST	APRIL		MAY		JUNE		TOTAL REMAINING	
	AMT \$M	#	AMT \$M	#	AMT \$M	#	AMT \$M	#
1	77.4	7	17.2	9	11.0	7	105.6	23
2	31.2	7	107.7	7	104.3	11	243.1	25
3	23.5	10	5.0	8	30.1	6	58.6	24
4	61.5	8	242.9	22	34.7	2	339.1	32
5	85.0	7	19.1	7	17.7	6	121.8	20
6	13.5	4	24.5	9	27.4	10	65.5	23
7	14.3	2	11.9	5	46.9	8	73.2	15
8	66.4	1	103.5	4	54.9	1	224.8	6
SW	372.8	46	531.8	71	327.0	51	1,231.5	168
REMAINING: 44% OF DOLLARS...AND...36% OF NUMBER								

- A list of remaining projects > \$10M is also provided.
- Lettings by month are provided.

BID ANALYSIS:

- The adopted estimate of the 327 projects let to date was \$1,571M with the low bid of \$1,408M for \$162.8M in savings or -10.4%.
- Last FY through March, we let 340 projects @ \$1,301M and were at \$155.3M in savings at -10.7% low bids.
- The difference between official estimate and low bid was -9.9%.
- Bids for this fiscal year are shown with high or low bids highlighted.
- An analysis of under/over/same bids is included for each district.

159 projects had bids below adopted (49%)
97 projects had bids above adopted (30%)
71 projects had bids same as adopted (22%)

CONSTRUCTION:

- YTD at 2.8% cost increase with target of $\leq 10\%$ on 114 active contracts.
- YTD at 9.0% time increase with target of $\leq 20\%$ on 114 active contracts.
- YTD with 91.2% of the contracts having final contract costs less than 110% of original, with a target of $\geq 90\%$ (contract status 6, 7 or 8).
- YTD with 79.8% of the contracts having final contract times less than 120% of original, with a target of $\geq 80\%$ (contract status 6, 7 or 8). This is below the target.
- Contracts not meeting cost and time targets are shown.

VALUE ENGINEERING

VALUE ENGINEERING (VE) PROGRAMS

- Statewide 15 VE Study to date.

- \$405.7M in Cost Avoidance/Savings recommendations with \$95.5M approved.
- \$14.1M in Value Added recommendations with \$4.9M approved.
- 153 recommendations with 68 approved or 44% with a target of > 40%.
- 3.33% projects saved and 6.49% program saved.

COST SAVINGS INITIATIVE (CSI) PROGRAM

- 31 CSI acted upon with 26 approved.
- \$7.45M acted upon with \$7.15M approved.
- 0.68% projects saved and 0.49% program saved.

TOTAL PROGRAM SAVINGS VE AND CSI COMBINED

- \$102.7M in total savings and 6.98% in total program saved

Kurt Lieblong advised since the last report in March 2014, there were 2 VE studies conducted and 2 Value Engineering recommendations approved worth \$23.27 million in project cost avoidance. There were 5 Cost Savings Initiative proposals approved totaling \$2.43 million in project savings.

Through March 2014, there were 15 Value Engineering Studies conducted statewide. The Department approved 68 of 153 (44%) Value Engineering recommendations worth \$95.50 million in project cost avoidance and \$4.93 million in value added. This resulted in a 3.33% project savings and a 6.49% program savings. During this same period, 26 Cost Savings Initiative proposals were approved worth \$7.15 million in project savings. This resulted in a 0.68% project savings and a 0.49% program savings.

The total combined savings of the VE & CSI programs through January 2014 is \$102.65 million and the combined % program saved is 6.98%.

CONTRACT MAINTENANCE:

- \$ Contracted statewide 107% of plan - \$357M or \$24M above plan.

FREIGHT, LOGISTICS, AND PASSENGER OPERATIONS (FLP) and FLORIDA RAIL ENTERPRISE (FRE):

- FLP YTD at 122% of plan - \$628M or \$112M above plan.
- FRE YTD at 104% of plan - \$109M or \$4M above plan.
- Note: D5 has \$192M in the month of June in FRE. It is for Phase 2 of Sun Rail. D5 was ready to proceed in December 2013 to apply for a full funding grant agreement, but the FTA wouldn't let them apply until they saw it in the presidential budget. It takes five months to process, so we would have been able to encumber the funds in May 2014. This didn't happen, so now the plan is to advertise the Sun Rail Phase 2 construction contract in December 2014 and encumber funds in February 2015.

LAP PROGRAM:

CONSULTANT LAP ACQUISITIONS

- Executed 118% dollars and 108% number to date.

CONTRACT LAP LETTINGS

- Let YTD 114% of dollars and 108% of number to date.
- Note: D4 has \$83M project in June – Crosstown Parkway.

FEDERAL AID

- Total OA available for this FED FY 13/14 is \$1,858,883,000
- Total Obligation through March 31, 2014 for FED FY 13/14 = \$472,155,000
- Unexpended balance is at 0.95% with target of < 2.00%.

James Jobe gave the update.

Federal Legislation:

Last week the Senate Environment and Public Works Committee held a press conference to announce that they have reached an “agreement in principal” for the next federal surface transportation bill following the expiration of MAP-21 at the end of September. Highlights include:

- As long-term a bill as possible. The target is six years but will be dependent on how much money the Senate Finance Committee can deliver. The Finance Committee needs to find an additional \$16 billion per year to fully fund this proposal.
- Funding levels will be the same as the FFY2014 levels plus annual inflation adjustments.
- It will maintain the same funding formulas for distributions to the states as MAP-21.
- No major changes to the core program categories.

The committee hopes to have the highway portion of the new surface transportation bill marked up in committee sometime in May. The EPW Committee leadership was asked if they had a backup plan for getting a full reauthorization bill enacted before the Highway Trust Fund becomes insolvent in July or August. Chairman Boxer replied, “we don’t have a Plan B coming from our committee.”

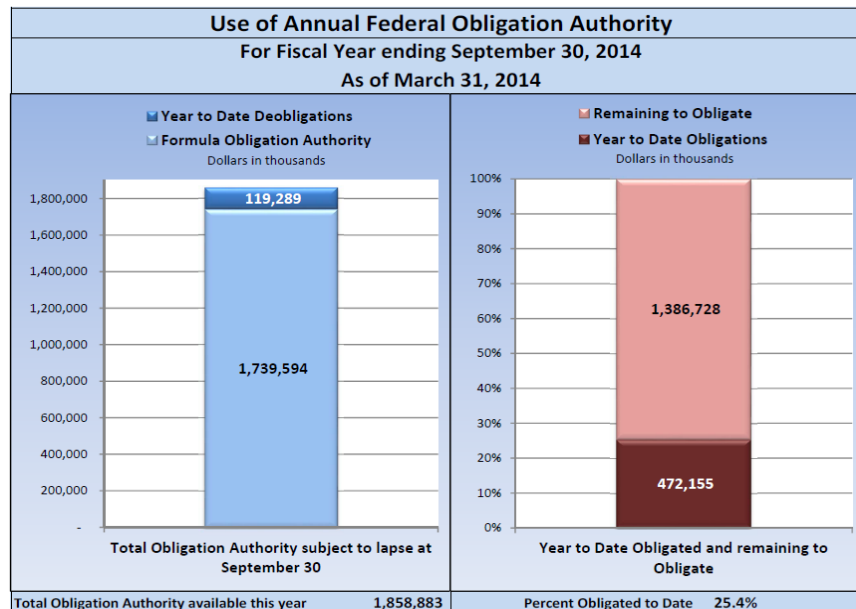
There is no word yet on when the committee’s counterparts in the House will produce their version of a new surface transportation act. However, last week the House did pass the FFY2015 budget blueprint offered by Budget Committee Chairman Paul Ryan. This budget document calls for a total shutdown of the federal aid highway program for FFY2015 to allow the Highway Trust Fund to replenish itself. Fuel tax collections deposited into the Highway Trust Fund would only be used to reimburse states for the costs of previously obligated active on-going projects.

The Ryan budget is not likely to be implemented in its present form. The real goal of the Ryan budget as it relates to transportation is to apply more pressure to the spending and taxing committees to address the imbalance in the Highway Trust Fund between revenues and spending. The Ryan budget includes a “reserve fund” to allow transportation funding levels to be increased if new revenue sources can be identified, while not increasing the overall federal deficit.

On a related matter, a small piece of good news. This week FHWA updated their projections on when the Highway Trust is due to become insolvent. Last month they were predicting late July. This month they’ve pushed it out to August again, as they were predicting back in January.

Obligation Authority Plan:

At the end of last month we had total obligations of \$472 million, which represents 25.4% of our total OA for the year, which includes about \$119 million in year-to-date deobligations that must be reobligated before year end.



Financially Inactive Federal Aid Projects:

The current FHWA definition of a financially inactive federal aid project requires us to report and provide justifications for all federally funded projects which have had no financial activity for one year or more. We are also being asked to report and provide justifications for all projects which have had no financial activity for nine months or more, even though they are not technically deemed “inactive” until the one year mark has been reached. FHWA is calling these the “look ahead” projects.

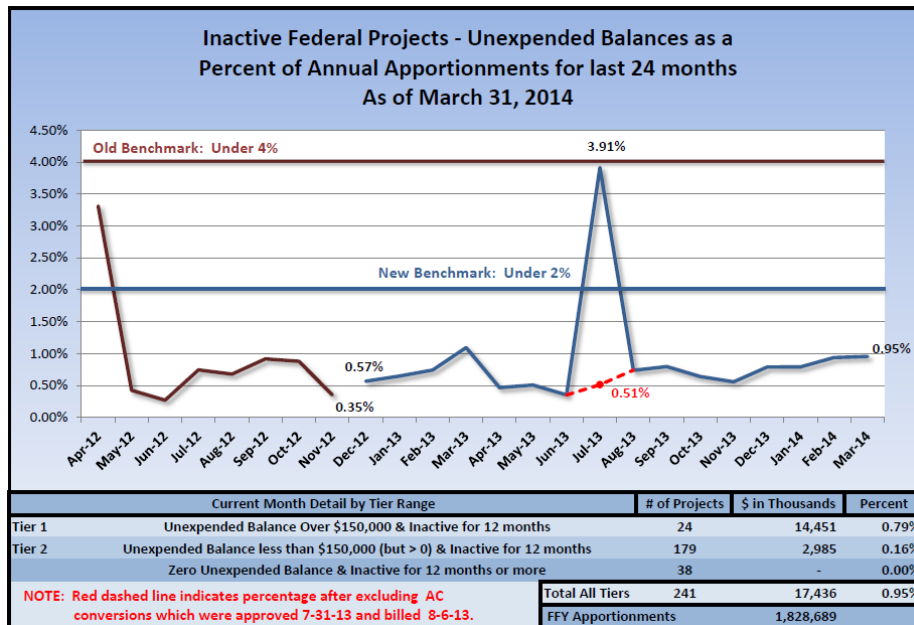
Although we’ve elected internally to continue to stratify these inactive projects into those over \$150,000 and those under \$150,000 to prioritize the workload we are placing on district staff, this prioritization is no longer helpful to district staff since we now have to research and provide justifications on all inactive and “look ahead” projects, regardless of the amount of the unexpended balances.

FHWA has also reduced the amount of time the Department has to research and report on each of these projects at the same time as we are experiencing a tenfold increase in the number of projects on their quarterly deobligation letter. This deobligation letter is generated every three months and contains a listing of projects which FHWA has determined have no valid justification for retaining the unexpended balance of federal funds on the projects. They require the unexpended federal funds to either be deobligated or billed within 30 days or FHWA will unilaterally deobligate the funds for us.

Last month the federal auditors took a sampling of our most recent list of inactive projects and judged that the majority of the justifications we provided for why they were financially inactive were not valid justifications. Apparently the only justifications being deemed valid by FHWA auditors are for projects tied up in litigation or contract disputes, or those with delays in obtaining federal permits.

District staff are really struggling to keep up with the changing rules and timeframes for dealing with these inactive projects.

Even so, we are still maintaining our inactive percentages well below the national benchmark, as shown in the chart for the end of March. Last month our overall inactive percentage was .95%, less than half the national benchmark of 2% of annual apportionments.



TRANSPORTATION COMMISSION MEASURES:

- All measures were met except Construction Contract Time Adjustments at 79.8%.
- Individual measure not meeting target in the districts are highlighted.

GOVERNOR'S PERFORMANCE REPORT MEASURES:

FLORIDA DEPARTMENT OF TRANSPORTATION KEY PERFORMANCE STANDARDS FOR FY 2014 (THROUGH MARCH 31, 2014)				
PERFORMANCE MEASURES	DESCRIPTION OF STANDARD	DESIRED PERFORMANCE OR STANDARD		ACTUAL PERFORMANCE FISCAL YEAR TO DATE
CONSTRUCTION CONTRACT LETTINGS	Monthly the Department tracks projects let to contract compared to the July 1 Adopted Plan for the current fiscal year. These are for Highway and Bridge Programs only, which includes Resurfacing, Bridges, Roadway, Safety, and Traffic Operations. The desired standard is to let to contract 95% or more of the planned projects for both number and dollar amount.	Lettings		Lettings
		Number	Amount	Number Amount
		≥ 95%	≥ 95%	96% 315 Plan 303 Performance 327 Production 86% Plan \$1,624 M Performance \$1,390 M Production \$1,480 M
CONSTRUCTION CONTRACT COST AND TIME ADJUSTMENTS	When projects reach a status of being conditionally, materially, and finally accepted (status 6, 7 or 8), the time and cost changes are determined. The desired standard is for contracts to be completed within 10% of the original contract amount and within 20% of the original contract time.	Cost	Time	Cost Time
		< 10% Increase	< 20% Increase	2.8% 9.0%
		Acquisitions		Acquisitions
CONSULTANT PROJECT ACQUISITIONS	These represent the number and dollar amounts of projects included in consultant contracts secured for the performance of preliminary engineering (PE), right-of-way (R/W), or construction engineering & inspection (CEI) services for the Department. They are compared to the July 1 Adopted Plan for the current fiscal year. The desired standard is to execute to contract 95% or more of those planned number and dollar amount.	Number	Amount	Number Amount
		≥ 95%	≥ 95%	104% 664 Plan 693 Performance 874 Production 106% Plan \$435 M Performance \$462 M Production \$521 M
		Amount of Contracts		Amount of Contracts
HIGHWAY MAINTENANCE PROGRAM EXPENDITURES	Highway maintenance contracts are compared to the July 1 Adopted Plan for the current fiscal year and are tracked monthly. The desired standard is to execute to contract 90% or more of the planned dollar amount.	≥ 90%		107% Plan \$333 M Performance \$357 M
		Amount of Contracts		Amount of Contracts
		≥ 90%		122% Plan \$516 M Performance \$628 M
FREIGHT LOGISTICS AND PASSENGER OPERATIONS PROGRAM EXPENDITURES	Monthly the Department tracks freight, logistics and passenger operations contracts compared to the July 1 Adopted Plan for the current fiscal year. The desired standard is to execute to contract 90% or more of the planned amount.	Amount of Contracts		Amount of Contracts
		≥ 90%		122% Plan \$516 M Performance \$628 M
		Amount of Contracts		Amount of Contracts

MEASURES SUMMARY:

- No one met or exceeded all measure targets.
- D3 met or exceeded 96% of the measures.

FY 2014/2015 LOCKDOWN PLAN PREVIEW BASED ON 4/7/14 SNAPSHOT:

- ACQUISITIONS: \$834M 1,087 PROJECTS
- LETTINGS: \$3,004M 450 PROJECTS

(THE \$2.1B I-4 DBFOM PROJECT NOT INCLUDED)

Safety Performance Report – Joe Santos

Joe Santos provided the quarterly update on the Strategic Highway Safety Plan (SHSP) Emphasis Areas on statewide and district SHSP performance for the Third Quarter 2013. Also included in the discussion was district involvement with SHSP activities for the First Quarter 2014.

Salary Projections and Operating Budget – Pam Kuester

The Fiscal Year 2013/14 (FY14) Budget Review was presented to the attendees. Select Operating Budget categories (OPS, Expenses, OCO, Acquisition of Motor Vehicles, Consultant Fees, Contracted Services, FHP Services, HRD, OT, TME and Lease Purchase of Equipment) were featured. For these select budget categories, a column showing the amount of budget authority expended has been added to the presentation. As of 3/31/14, we were approximately 75% through the fiscal year. There was a 78.9% overall commitment level, and a 58.6% expended level for the selected categories. Potential Roll Forward by District (as of 04/07/14) was also presented which reflected an overall 66.0% level of commitment of Work Program Budget. Fixed Capital Outlay – Buildings & Grounds Budget data was included in the

presentation which provided information for FY14. As of 03/31/14, there was a 63.8% overall commitment of Salaries & Benefits budget.

Human Resources Reports – Irene Cabral presented the HR reports.

Economic Parity – Art Wright

In the March Economic Parity report for Females, the Department had opportunities in all the categories where we have a need. We were able to hire 2 female Hispanics in the Professionals category.

In the report for Males, the Department was not able to hire in a category where we have a need.

The report shows the breakdown by district. Thanks go to Districts 4 and 5 in hiring the 2 female Hispanics in the Professional category.

Disadvantaged Business Enterprise (DBE) Report – Art Wright

The DBE report through March shows 9.71% DBE participation on federally funded contracts. The report shows the DBE participation for the first half of the federal fiscal year by district and type of work, the DBE participation on state funded contracts at 11.49%, and the DBE participation on state and federal funds combined at 10.65%

Some highlights over the last month in construction include: an \$85 million Design Build contract in District 2 where Dragados reported 10.47% DBE participation and District 5 awarded a contract to V A Paving, a DBE firm, for \$5.7 million. For professional services, in District 1 American Consulting Engineers reported 20% on a \$5.5 million contract; in District 3 L & W Engineering reported 31% on a 2 million contract; and in District 4 A & P Consulting, a DBE firm, was awarded a \$7.2 million contract.

Minority Business Enterprise (MBE) Report – Art Wright

In the Minority Business Enterprise Report, the Department is 9 months or 75% through the state fiscal year and has expended 83.9% of the dollars spent last year to certified MBEs. We continue to move on a very good steady pace to achieve the MBE goal again this year.

Business Development Initiative (BDI) Report – Art Wright

This is the third Business Development Initiative report where we are tracking the efforts to reserve 10% of our contracts for small businesses. The report shows that 5.49% of the construction/maintenance contracts and 9.48% of the professional services executed contracts have been reserved thru March.

The report also shows what is projected for the end of the state fiscal year. For construction/ maintenance contracts, 10.45% of our executed contracts are projected to be reserved for small businesses. For professional services contracts, 10.85% of our contracts are projected to be reserved.

The last chart that comes from the Professional Services Information System shows all contracts and dollars awarded to small businesses. This includes contracts that were reserved and those that were not reserved for small businesses. The two columns on the far right show that 31% of the executed contracts through March were awarded to small businesses. The last column shows that 24% of the total dollars were awarded to small businesses as primes and as subconsultants. Our goal was to reach 20% of the dollars.

4. Additional Comments - None

The meeting adjourned at 10:35 a.m.